
***Personal Property
Tax Relief Guidelines
for Direct Compensation Years***
(PPTR 9)



Updated
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OVERVIEW

General Information

These Guidelines are issued on an annual basis as required by Section 58.1-3532, Code of Virginia. Each year new information and requirements are added as a result of legislation and administrative decisions so that citizens, localities and state agencies can stay informed as to the best practices for complying with the Personal Property Tax Relief Act (PPTRA).

The 2004 General Assembly approved SB 5005, which states that for tax year 2006 and all years thereafter, the Commonwealth shall pay an appropriated amount for each such tax year as reimbursement to localities for providing the required tangible personal property tax relief on qualifying vehicles. No other amount shall be paid to counties, cities, and towns for providing tangible personal property tax relief on qualifying vehicles. Each county's, city's, or town's share of the appropriated amount for each tax year shall be determined pro rata based upon the actual payments to such county, city, or town pursuant to this chapter for tax year 2005 as compared to the actual payments to all counties, cities, and towns pursuant to this chapter for tax year 2005, as certified in writing by the Auditor of Public Accounts no later than March 1, 2006, to the Governor and to the chairmen of the Senate Committee on Finance and the House Committee on Appropriations. The amount reimbursed to a particular county, city, or town for tax year 2006 for providing tangible personal property tax relief shall be the same amount reimbursed to such county, city, or town for each subsequent tax year.

The reimbursement to each county, city, or town for tax year 2006 shall be paid by the Commonwealth over the 12-month period beginning with the month of July 2006 and ending the month of June 2007, as provided in the general appropriation act. For all tax years subsequent to tax year 2006, reimbursements shall be paid over the same 12-month period. All reimbursement payments shall be made by the State Treasurer to the respective treasurer of the county, city, or town on a warrant of the Comptroller.

The 2005 Central Appropriation, Item 503, states that the treasurer or other official charged with collection of personal property taxes levied upon qualifying vehicles may issue a supplemental tax bill for the full amount of any taxes, penalty and interest for tax year 2005 and prior tax years that remain due and owing as of September 1, 2006, or such earlier date as reimbursement with respect to such bill is no longer available from the Commonwealth, without regard to or credit for any reimbursable amount to which such qualifying vehicle would have been entitled pursuant to the provisions of §58.1-3524 as it existed prior to the amendments effected by Chapter 1 of the Acts of Assembly of 2004, Special Session 1.

The Commonwealth shall honor requests for personal property tax relief reimbursement received from the City of Winchester with respect to bills rendered for the tax year 2005 through April 1, 2007.

The 2004 General Assembly approved HB 926 permitting treasurers not to collect de minimus personal property tax balances on a taxpayer's qualifying vehicle of \$5 or less without affecting the locality's reimbursement from the state for qualifying vehicle.

The 2002 General Assembly approved HB 29 requiring the Tax Commissioner to establish a Personal Property Tax Relief Compliance Task Force composed of representatives of the Department of Motor Vehicles (DMV), the Department of Accounts (DOA), local governments, local Treasurers, Commissioners of the Revenue, and Directors of Finance. The Task Force recommended to the Tax Commissioner a program designed to increase taxpayer compliance with the Personal Property Tax Relief Act (PPTRA).

The 2002 General Assembly also approved HB 30 which requires the Department of Taxation (TAX) to develop and implement, not later than January 1, 2003, a comprehensive Personal Property Tax Relief Act Compliance Program. The objectives of the program are: 1) to enhance taxpayer knowledge and compliance with PPTRA, and 2) establish cost-effective verification and audit procedures. HB 30 authorizes the Tax Commissioner to promulgate administrative guidelines to implement the PPTRA Compliance Program.

In regard to the above, Va. Code §58.1-3523 states that vehicles that qualify for property tax relief may include "any passenger car, motorcycle and pickup or panel truck that is determined by the Commissioner of the Revenue of the county or city in which the vehicle has situs to be (i) privately owned or (ii) leased pursuant to a contract requiring the lessee to pay the tangible personal property tax on such vehicle."

Using the definitions as set forth in the Code of Va. §46.2-100, "passenger car" means every motor vehicle designed and used primarily for the transportation of no more than ten persons, "pickup or panel truck" means every motor vehicle designed for transportation of property having a registered gross weight under 7,501 pounds, and "motorcycle" means every motor vehicle designed to travel on not more than three wheels.

For vehicles valued at more than \$1,000 and up to \$20,000, localities will receive payment from the state in an amount equal to the amount of tax relief within two business days of their request, provided the request is keyed on-line and payment is through electronic data interchange (EDI).

Localities may request payment for vehicles valued at \$1,000 or less from DOA starting four weeks prior to the tax due date(s). Localities may make one request per week for each of the four weeks prior to the tax due date. DOA will disburse the funds in four equal weekly installments.

The 2001 General Assembly enacted legislation that requires the tax relief percentage to remain at 70% for tax years 2002, 2003 and 2004 (House Bill 29 and House Bill 30). Freezing personal property tax relief at 70% for three tax years ensures that individuals who own or lease qualifying vehicles continue to enjoy a relatively high measure of tax relief without placing an undue burden on the Commonwealth's reduced revenues.

Department of Motor Vehicles (DMV) Requirements

The Department of Motor Vehicles (DMV) is responsible for:

- reconciling all localities to DOA for tax year 1999 and beyond.
- receiving qualifying vehicle reports from leasing companies and forwarding this information to the appropriate localities on a monthly basis to assist them with determining which vehicles qualify for car tax relief.
- notifying the Treasurers if, for budgetary reasons, the percentage reimbursement for a given year needs to be adjusted.
- adding new text to its vehicle registration application forms to allow certifications by vehicle owners and make certification information available to local officials.

Beginning January 1, 2003, vehicle owners are required to certify the use of the vehicle to be either personal or business. The certification will be part of each application for initial and renewal vehicle registration at DMV. If the use is not indicated on the renewal form, the vehicle may not be eligible for personal property tax relief. Certification information collected by DMV shall be made available to Commissioners of the Revenue and other local assessing officials for use in discharging their responsibilities for qualifying vehicles for relief under PPTRA.

The vehicle must be owned or leased by an individual and NOT used predominately for business purposes. A vehicle would be considered to be used for business purposes if:

- More than 50% of the mileage for the year is used as a business expense for Federal Income Tax purposes or reimbursed by an employer;
- More than 50% of the depreciation associated with the vehicle is deducted as a business expenses for Federal Income Tax;
- The cost of the vehicle is expensed pursuant to Section 179 of the Internal Revenue Service Code; or
- An individual leases the vehicle and the leasing company pays the tax without reimbursement from the individual.

Vehicles qualified for tax relief are noted on the tax bills and show a reduction for the portion of the tax the Commonwealth will pay. For qualified vehicles, tax bills are reduced by the applicable tax relief percent for the tax year on the first \$20,000 of value. If the qualifying vehicle's assessed value is \$1,000 or less, the tax has been eliminated and the Commonwealth's share is 100%. Tax relief is calculated using the locality's effective tax rates that were in effect on August 1, 1997.

The taxpayer is required to certify annually to the locality that their vehicle(s) remains qualified to receive car tax relief. Therefore, it is important that the information sent by the locality is reviewed by the owner to be sure that vehicles are properly qualified. If a vehicle is improperly qualified or it is uncertain whether the vehicle would be eligible for car tax relief because it is used part of the time for business purposes, contact the locality.

Local Requirements

The Commissioners of the Revenue, Treasurers and other local officials having assessing or collection responsibilities shall implement provisions for certification by the vehicle owner as to the vehicle use for business purposes. The certification is required for any vehicle with a value in excess of \$1,000.

- In jurisdictions where an affirmative personal property tax return is required of the taxpayer, certification shall be obtained at the time of filing a return for personal property. In cases where this method fails to obtain the requisite taxpayer certification, taxpayer certification may be obtained at the time of any one of the following:
 1. Application for or issuance of a decal or local license plate. This can be at the time of the initial or renewal of the local vehicle license pursuant to §46.2-752, Code of Virginia.
 2. Payment of the personal property tax bill where payment can be construed as a certification of vehicle usage.
 3. Any other communication with the vehicle owner requiring an affirmative response or responsive action on the part of the owner.
- In jurisdictions where a File By Exception method is used for personal property tax returns, certification shall be obtained at the time of the following:
 1. The File by Exception process in which citizens shall be required to notify the locality of any changes in vehicle usage on an exception basis, and either
 2. Payment of the personal property tax bill where payment can be construed as a certification of vehicle usage, or
 3. Application for, or issuance of, a decal or local license plate. This can be at the time of initial or renewal of the local vehicle license pursuant to §46.2-752, Code of Virginia.

Commissioners of the Revenue

The Commissioner of the Revenue (COR) or Director of Finance in each locality is responsible for:

- determining the value of each vehicle
- determining which vehicles qualify for personal property tax relief
- reporting qualifying vehicles to the Treasurer of the locality, and
- assisting the locality's Treasurer and the Department of Motor Vehicles (DMV) to resolve duplicate payments.

Treasurers

The Treasurer (or Director of Finance) in each locality is responsible for:

- determining the tax reduction for each qualifying vehicle
- displaying the tax reduction on the tax bill along with the designation of "Car Tax Relief" or "Tax Relief"
- explaining how the reduction was calculated on the tax bill for tax year 1999 and beyond
- requesting reimbursement from the Department of Accounts (DOA) for tax relief
- submitting tax payment information to the DMV to support reimbursement requests to the DOA
- assisting the locality's Commissioner of the Revenue and the DMV to resolve duplicate payments.

Department of Accounts

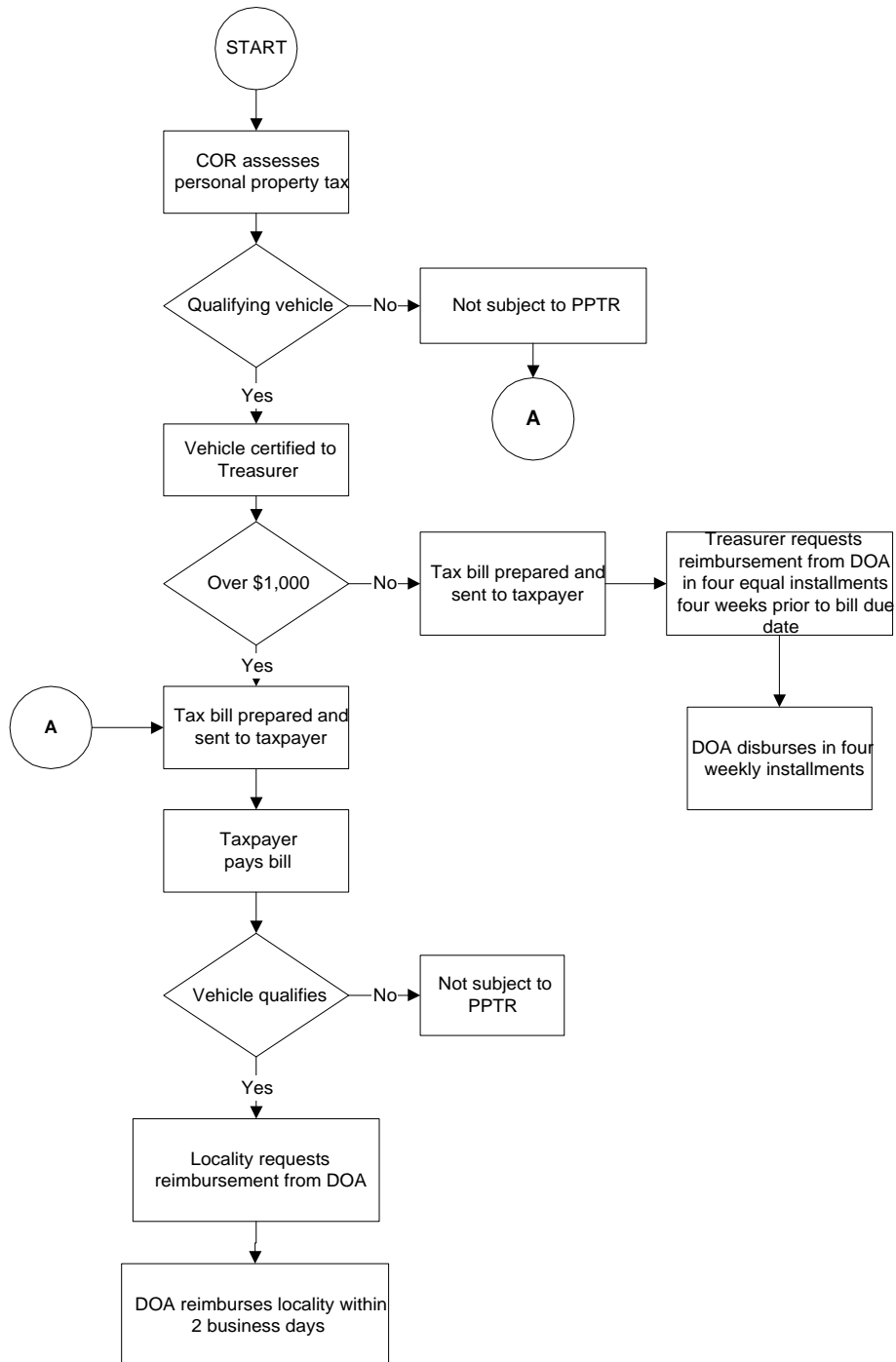
The Department of Accounts (DOA) is responsible for receiving and processing reimbursement requests from localities. DOA reimburses localities in an amount equal to the amount of tax relief within two business days of their request, provided the locality makes the request online and allows DOA to deposit the payment electronically.

Department of Taxation

The Department of Taxation is responsible for:

- estimating the amount to be paid by the Commonwealth in any tax year to an individual county, city, or town and reporting these amounts to the State Comptroller.
- providing a report each year to the Chairmen of the Senate Finance and House Appropriations committees on the actual and projected reimbursements under PPTRA by November 1. The report must include an explanation of the methodology used to forecast PPTRA reimbursements, the actual and estimated reimbursements by locality through the most recent fiscal year along with an explanation of the variance, and the estimated reimbursements by locality for the next two fiscal years.
- providing the Governor with the estimated reimbursement amounts for the upcoming tax year by November 1.

Out Years Process

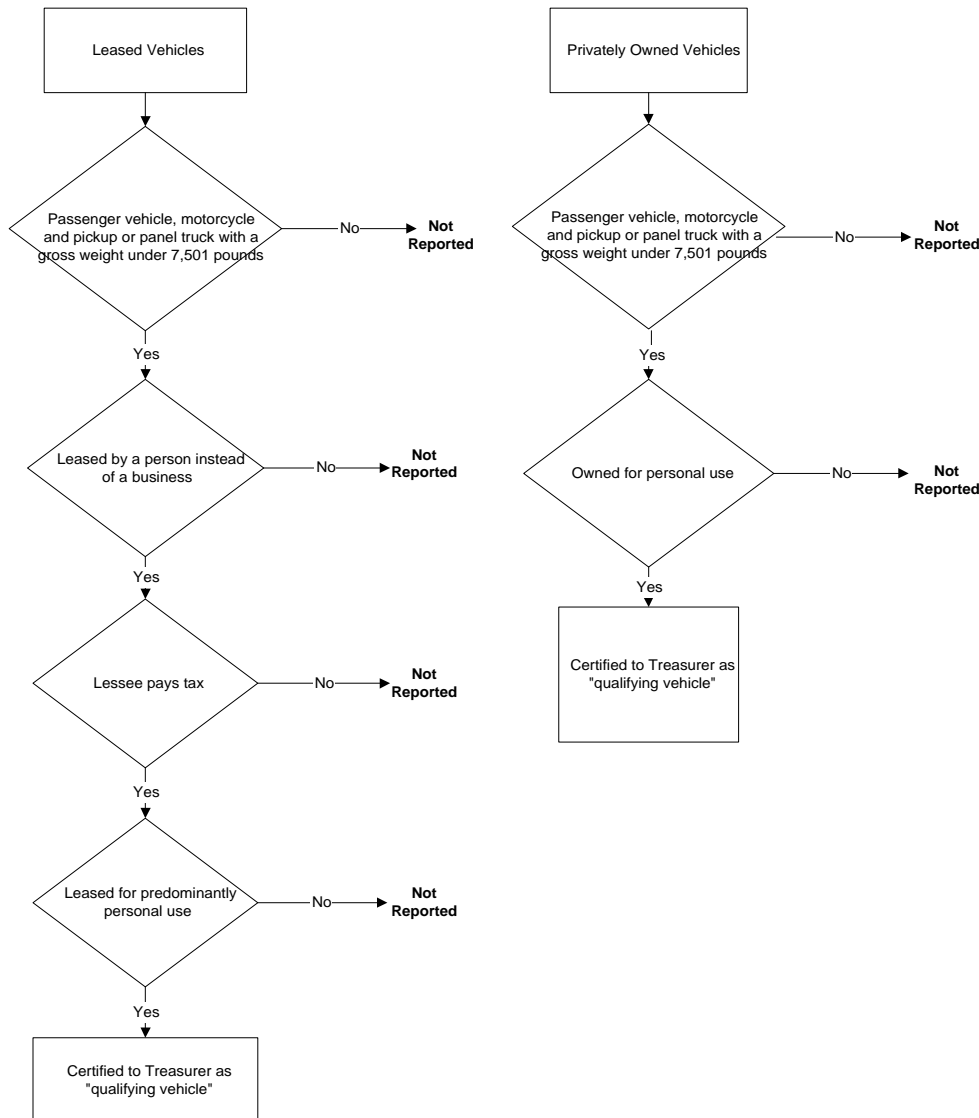


COMMISSIONERS OF THE REVENUE

Determining Qualified Vehicles

In general, a qualifying vehicle (Va. Code §§ 58.1-3523 and 3525) is determined by the COR of the county, city or town of situs. In order to qualify for the tax relief, the motor vehicle must be owned or leased by a natural person and be used for nonbusiness purposes.

The CORs are responsible for (i) determining which vehicles qualify for personal property tax relief; (ii) the value of every qualifying vehicle; and (iii) certifying this information to their respective treasurer. (Va. Code § 58.1-3526.B) The COR may rely on vehicle registration information provided by DMV on semi-annual vehicle registrations, reports from lessors, and other information available to them to identify qualifying vehicles. The criteria to use to determine qualifying vehicles are shown below.



Vehicles Qualifying for Tax Relief

- Passenger cars, pickup or panel trucks, and motorcycles used for nonbusiness purposes qualify for the tax relief provided under the PPTR.
 - “Passenger car” means every motor vehicle other than a motorcycle designed and used primarily for the transportation of no more than ten persons including the driver.
 - “Motorcycle” means every motor vehicle designed to travel on not more than three wheels in contact with the ground, except any vehicle included within the term “farm tractor” or “moped” as defined in Va. Code § 46.2-100.
 - “Pickup or panel truck” means every motor vehicle designed for the transportation of property and having a registered gross weight under 7,501 pounds.
- Both “privately owned” and “leased” vehicles described below qualify for the tax reduction. “Privately owned” vehicles are vehicles owned by natural persons. “Leased” vehicles qualifying for the tax relief are those vehicles leased by a natural person under a contract which requires such person to pay the tangible personal property tax on the leased vehicle (Va. Code § 58.1-3523).

All three of the requirements below must be met to qualify for tax relief:

- Passenger car; motorcycle; or pickup or panel truck with a gross weight less than 7,501 pounds; and
- (i) owned by a natural person or (ii) leased by a natural person under a contract requiring such person to pay the tangible personal property tax; and
- used for nonbusiness purposes.

Note: If a gross weight change is recorded with the Department of Motor Vehicles that may cause a previously unqualified vehicle to become qualified (i.e., the gross weight is changed from 10,000 to 7,500 pounds), the vehicle may be considered for qualification for the following tax year.

Example of a qualifying leased vehicle:

A passenger car, leased by Mary Smith (a natural person), is leased under a five-year agreement. Mary uses the car for nonbusiness purposes. If Mary is required to pay the personal property tax on the car as part of her agreement, the car will be a qualifying vehicle and Mary will benefit from the tax relief.

Living Trusts

In general, vehicles held in a living trust will not qualify for tax relief because these vehicles are owned by a trust, not by a natural person. However, whether or not specific vehicles in a living trust qualify for tax relief is determined by each Commissioner of the Revenue, depending on the facts and circumstances, such as the provisions of the relevant trust, surrounding specific vehicles and trust agreements.

Types of Vehicles Which Do Not Qualify

- “Motorhomes” do *not* qualify for tax relief because they are designed primarily for use as living quarters for human beings, as opposed to being designed for transportation purposes (§46.2-100).
- Farm Use vehicles do *not* qualify for car tax relief because, as determined by the Commissioners of the Revenue Association, “farm use” is a business use.

Used for Nonbusiness Purposes

In determining whether a vehicle qualifies for the tax relief, a COR may rely, subject to the note below, on the registration of such vehicle with the Virginia Department of Motor Vehicles.

Example:

A passenger car (not being leased) is registered with the Department of Motor Vehicles in the name of “ABC Auto Club”. The registration of the car in the name of the business creates a rebuttable presumption for the COR that the car is being used for business purposes, and is therefore ineligible for tangible personal property tax relief.

Note: The “B” indicator on the DMV file indicates the type of entity owning the vehicle and in no way indicates vehicle use.

Preponderance of Use Test

Only motor vehicles being used for a nonbusiness purpose qualify for the tax relief provided for under PPTR. A vehicle is used for a nonbusiness purpose when the preponderance of its use is for other than business purposes. The preponderance of use for other than business purposes will be met if the vehicle is used for trade or business purposes less than 50% of the time. The preponderance of use test will **not** be deemed satisfied if one of the three tests listed below is satisfied.

Generally, expenses for business use of a personal motor vehicle are reported on forms attached to federal income tax returns. Sole proprietors report expenses on Schedule C, farmers on Schedule F, and employees using their motor vehicle in connection with their employer’s trade or business on Form 2106. Depreciation is normally reported on Form 4562 and carried over to the other schedules and forms.

1. Internal Revenue Code § 179 Test

In general, Internal Revenue Code § 179 allows a taxpayer to elect to expense the cost, or a portion of the cost, of certain business property (including motor vehicles) in the taxable year in which the property is placed in service. The cost of the vehicle would be expensed on a taxpayer’s federal income tax return. This section allows taxpayers to expense the cost of motor vehicles if more than 50% of their use is in a trade or business.

In the year a motor vehicle is placed in service, it will not qualify for tax relief if it is expensed for federal income tax purposes under Internal Revenue Code § 179. If a motor vehicle is not used predominantly in a trade or business in any year before the end of the Modified Accelerated Cost Recovery System (MACRS) recovery period (see section entitled “Depreciation Test” below), the expense allowed under Internal Revenue Code § 179 must

be recaptured. Any motor vehicle that is subject to this recapture could be eligible for personal property tax relief. In years subsequent to the MACRS recovery period, the business/nonbusiness use of the motor vehicle will be determined based on the mileage test criteria on page 11.

Examples:

1. Bob Brown purchases a panel truck that he uses in his pizza delivery business. On his federal tax return for the year the panel truck was purchased, Bob elects to take a deduction for the cost of the panel truck under Internal Revenue Code § 179. The preponderance of use of the vehicle is for a business purpose and the panel truck is not eligible for tangible personal property tax relief.
2. In April of the next year, Bob Brown closes his pizza delivery business. For the rest of the year, Bob only uses the panel truck for nonbusiness purposes. Bob drives the panel truck a total of 10,000 miles, of which 4,000 miles (i.e., 40%) were in the course of his business. Because the preponderance of use of the panel truck is for a nonbusiness purpose (60%), it is eligible for tangible personal property tax relief the following year.

2. Depreciation Test

A deduction for depreciation is allowed for a motor vehicle pursuant to Internal Revenue Code § 168 which provides for a reasonable deduction to recover the cost of the exhaustion, wear and tear, and obsolescence of property engaged in the production of income or property used in the trade or business.

If a taxpayer uses a motor vehicle for both business and nonbusiness purposes, a depreciation deduction is not allowed for the full depreciable basis or cost of the motor vehicle. Instead, the basis is reduced by the percentage of the nonbusiness use of the motor vehicle to determine the adjusted basis.

The depreciation deduction is allowed on the adjusted basis. If the adjusted basis is 50% or more of the full depreciable basis of a motor vehicle, it will not qualify for tax relief.

For depreciation purposes, motor vehicles are five-year property under the federal Modified Accelerated Cost Recovery System (MACRS). Generally, the period for MACRS (the “MACRS recovery period”) will cover all or a portion of six taxable years. In years subsequent to the MACRS recovery period, the business/nonbusiness use of the motor vehicle will be determined based on the mileage test described below.

Example:

On June 1, 1998, Mark Jones buys a \$20,000 pickup truck to be used in his real estate business as well as for his personal use. Mark elects to use the half-year convention in computing his depreciation expense.

During 1998, Mark used the pickup truck 40% of the time in the course of his business. In succeeding years, Mark's business use is 70% in 1999, 75% in 2000, 60% in 2001, 80% in 2002, and 30% in 2003.

Allowable depreciation deductions for federal income tax purposes are presented in the following table:

Year	Business Use Percentage Col. A.	Adjusted Basis Col. B (Col. A x \$20,000)	Depreciation Rates Col. C. (from Federal Table)	Depreciation Deduction Col. D. (Col. B x Col. C)
1998	40.00%	\$8,000.00	20.00%	\$1,600.00
1999	70.00%	\$14,000.00	32.00%	\$4,480.00
2000	75.00%	\$15,000.00	19.20%	\$2,880.00
2001	60.00%	\$12,000.00	11.52%	\$1,382.40
2002	80.00%	\$16,000.00	11.52%	\$1,843.20
2003	30.00%	\$6,000.00	5.76%	\$345.60

In 1998 and 2003, the vehicle is used less than 50% for business purposes', therefore, it would be fully eligible for tangible personal property tax relief in those two years.

In 1999 through 2002, the vehicle is used 50% or more for business purposes', therefore, it would not qualify for tangible personal property tax relief in those years.

3. Mileage Test Criteria

A deduction is permitted for federal income tax purposes for the use of a motor vehicle in connection with a taxpayer's trade or business. Employees can deduct business expenses for the use of their personal motor vehicle in connection with an employer's trade or business.

The deduction is allowed for actual expenses or is computed by multiplying the miles driven for the business by the standard mileage rate. In addition, an employer may provide reimbursement to the employee for expenses incurred from the use of the employee's motor vehicles in connection with the employer's trade or business. The reimbursement may be for actual expenses or based on a mileage rate.

If the annual business mileage of a motor vehicle, expensed or reimbursed, equals or exceeds 50% of the overall annual mileage, the vehicle will not qualify for tax relief. For the purposes of the mileage test, the ratio will be rounded to the nearest one tenth of one percent (three decimal places).

Example:

Jane Hill leases a passenger car that she uses in her job as a self-employed business consultant. Under the lease agreement, Jane must reimburse the leasing company for the personal property tax. Jane drives 5,005 miles for her job and a total of 10,000 miles during the year. Thus, Jane's business use of her car for the year is 50.1%, rounded to the nearest three decimal places. Jane's passenger car is used for business purposes 50% or more and does not qualify for tangible personal property tax relief.

Leased Vehicles

Vehicles leased by a natural person under a contract requiring the lessee to pay the personal property tax and used for non business purposes qualify for tax relief under PPTR. Leasing companies are required to send DMV monthly reports by locality, showing all modifications, additions, and deletions to previous reports as of the last day of the preceding month.

DMV accepts qualified vehicle information from leasing companies via e-mail, diskette, zip disk or paper. Information is used to update PPTR's leasing database. DMV provides monthly reports to localities via e-mail, diskette, zip disk or paper to assist them with determining which vehicles qualify for car tax relief.

Access to the PPTR Leased Vehicle Database is also available to the Commissioners of the Revenue as part of DMV's Extranet. This newest application will allow you to review and download your monthly report of PPTR qualifying leased vehicles into Excel spreadsheets at any time. In addition, you will be able to use the new system to review PPTR qualifying leased vehicle transactions by date, jurisdiction, transaction type, leasing company name, Vehicle Identification Number, customer number and last name. To obtain access to this system contact (804) 497-7191.

Establishing Vehicle Value

The COR is responsible for establishing the value for each qualifying vehicle and must certify the value using the provisions of Va. Code § 58.1-3503.

Under Va. Code § 58.1-3503, vehicle value is an amount determined using:

- (a) A recognized pricing guide - In using a recognized price guide, the COR must use either of the following two methods: i) Use the applicable adjustments in the price guide, or ii) Use the base value specified in the price guide which may be either average retail, wholesale or loan value; or
- (b) A percentage or percentages of the vehicle's original cost - If the model and year of the individual automobile are not listed in the recognized pricing guide, the taxpayer may present proof of the original cost to the COR. If this percentage or original cost does not accurately reflect fair market value, or if the taxpayer does not supply proof of original cost, then the COR may select another method which establishes fair market value.

Commissioners of the Revenue

In computing the value that is used to determine the amount of reimbursement, CORs are required to use their respective locality's assessment method in effect as of July 1 or August 1, 1997, whichever is greater (Va. Code § 58.1-3523).

Localities using a percentage of the book value (such as 50% retail) need to report the value as stated in the pricing guide, not the percentage of book value. For example, if a vehicle is listed with a book value of \$5,000, the full \$5,000 should be reported, even if the taxpayer is only assessed 50% of the value, or \$2,500.

Proration

In localities that prorate personal property tax, the reimbursement request to DOA relating to qualifying vehicles that have changed situs during the tax year will depend on the number of months for which taxes have been paid on those qualifying vehicles in each locality.

Example (assumes both Locality A and Locality B prorate):

Larry's car is registered in Locality A during the period of January through August 2001. Locality A bills twice per year, once in June and once in December. Larry moves his vehicle to Locality B and permanently garages it there on September 1, 2001.

Locality	Vehicle Value	Tax Rate	Tax Levy	Commonwealth's Share	Tax Due From Taxpayer	Tax Period
A	\$2000	\$4.00 per \$100	\$40.00	\$28.00	\$12.00	01/01/2001-06/30/2001

Locality	Vehicle Value	Tax Rate	Tax Levy	Commonwealth's Share	Tax Due From Taxpayer	Tax Period
A	\$2000	\$4.00 per \$100	\$13.33	\$ 9.33	\$ 4.00	07/01/2001-08/31/2001
B	\$2000	\$5.00 per \$100	\$33.34	\$23.34	\$10.00	09/01/2001-12/31/2001

When a person moves from a prorating locality to another prorating locality, the prorating localities are permitted to submit reimbursement requests on the vehicle *based on the number of months for which taxes were paid in the respective localities*, provided the qualifying vehicle was normally garaged in the locality for the number of months for which prorated taxes were assessed: 6 months plus 2 months for July and August, or a total of 8 months in Locality A; and 4 months in Locality B, for a total of 12 months for tax year 2001.

When a person moves from a nonprorating locality to a prorating locality within a tax year and the vehicle situs was in the nonprorating locality on tax day, PPTR will only reimburse the nonprorating locality, unless the prorating locality is meeting the requirements of § 58.1-3516.

Certifying Information To Treasurer

The Commissioner of the Revenue is to identify each qualifying vehicle to the treasurer (Va. Code § 58.1-3526.B). The Commissioner of the Revenue may identify qualifying vehicles in the certified personal property book or may provide the information electronically to the treasurer. Including this information in the certified property book does not create a breach of confidentiality or privacy, according to guidance received from the Office of the Attorney General.

To ensure documentation of this process and to establish an information base for audit purposes, CORs should document the method used to determine which vehicles qualify under PPTRA and their value.

Resolving Duplicate Payments

Once the DMV PPTR Section reconciles localities to DOA, PPTR generates duplicate payment reports to local Commissioners of the Revenue, Treasurers and/or Directors of Finance. Each report entry will show the relevant taxpayer, reimbursement and locality information and will indicate the total potential liability for each duplicate. Commissioners of the Revenue are encouraged to assist Treasurers and DMV resolve duplicate payments.

TREASURERS

General Responsibilities

Treasurers have several responsibilities under PPTRA for tax year 1999 and beyond. Treasurers use the information provided by CORs to complete the tasks below:

- Determine the tax bill reduction amount for each qualifying vehicle (Va. Code § 58.1-3526.B) The treasurer meets this requirement by (i) calculating the reduction which is to be reflected on the bill received by the taxpayer, and (ii) providing an explanation of how the reduction was calculated.
- Submit a summary request for reimbursement to DOA that totals the reductions reflected on tax bills (Va. Code § 58.1-3526.C).
- If requested, submit net detail records to DMV to support reimbursement requests to DOA within 60 days of the request.
- Within 60 days of the end of each calendar year, submit net detail and credit records to DMV to support the reimbursement requests submitted to DOA for the previous calendar year. DMV will review the detail records to identify and resolve non-certified records and duplicates. Unresolved non-certified and duplicate records will result in DMV notifying the Comptroller of necessary payment adjustments.

Once Treasurers have sent net detailed records and PPTR has reconciled the locality to DOA, PPTR generates duplicate payment reports to local Commissioners of the Revenue, Treasurers and/or Directors of Finance. Each report entry will show the relevant taxpayer, reimbursement and locality information and will indicate the total potential liability for each duplicate. Treasurers are encouraged to assist Commissioners of the Revenue and DMV resolve duplicate payments.

Certification Rates And Dates

By January 1, 1999, Treasurers were required to certify billing dates and due dates in effect in their locality on January 1, 1998 to DOA (Va. Code § 58.1-3916.01), as well as the effective tax rate in effect on July 1 or August 1, 1997, whichever is greater. Based on a Memorandum of Understanding (MOU) between DMV and DOA, this certification requirement was met by providing the certified information to DMV in May 1998. These rates, billing dates, and tax bill due dates are to be used each successive year to calculate the tax relief and to report reimbursement requests to DOA.

If a locality changes its tax rate and/or due date, the reduction on the tax bill must always be based on the rate in effect on July 1 or August 1, 1997, whichever is greater (Va. Code § 58.1-3523). In addition, DOA payment requests must always coincide with January 1, 1998 tax billing and due dates.

Determining the Tax Reduction

The Commonwealth is to reimburse localities for a portion of the “reimbursable amount,” which is defined as the value of a qualifying vehicle, up to the first \$20,000 of value, *multiplied by the effective tax rate in effect in the locality on July 1 or August 1, 1997, whichever is greater* (Va. Code § 58.1-3523). The Commonwealth cannot reimburse for tax increases imposed by a locality above the rates in effect on July 1 or August 1, 1997, whichever is greater.

PPTR requires treasurers to show the tax relief, or reimbursable amount, as a reduction in the tax due, which must be displayed on the tax bill. Deriving this reduction amount is a two-step process.

1. Vehicle value or \$20,000 (whichever is less) x effective tax rate = reimbursable amount
2. Reimbursable amount x PPTR% level for the given year = taxpayer reduction

- *Vehicle value* is the amount certified by the COR for each qualifying vehicle (Va. Code § 58.1-3523).
- *Effective tax rate* is the locality’s assessment ratio multiplied by the locality’s nominal tax rate, both in effect on July 1 or August 1, 1997, whichever is greater (Va. Code § 58.1-3523).
- *Percentage level* is the applicable level of tax relief.

Note: For vehicles valued \$1,000 or less, the percentage level is always 100% of the tax levy calculated at the effective tax rate in effect on July 1 or August 1, 1997, whichever is greater (Va. Code § 58.1-3523). The Commonwealth cannot reimburse for tax increases imposed by a locality above the rates in effect on July 1 or August 1, 1997, whichever is greater.

The effective tax rate in effect on July 1 or August 1, 1997 (whichever is greater) is the only rate that should be used to calculate the tax relief and the amount to be reimbursed by the Commonwealth (Va. Code §58.1-3523).

Tax Due Date Changes

Localities must make reimbursement requests to the Department of Accounts based on the tax due dates in effect on January 1, 1998. For example, if a locality’s tax due date on January 1, 1998, was December 5, and the locality approved an ordinance to change tax due dates to June 5 and December 5 for tax year 1999, the locality could begin making reimbursements for vehicles valued \$1,000 or less or vehicles for which taxes had already been paid beginning on November 5, 1999, and no earlier.

Repeal of Tangible Personal Property Tax Ordinances

If a locality repeals its tangible personal property tax ordinances subsequent to August 1, 1997, the locality will not receive personal property tax funding from the Commonwealth. The amount of the Commonwealth’s reimbursement is equivalent to the tax relief appearing on tangible personal property tax bills for qualifying vehicles (Va. Code § 58.1-3526.B). In addition, the Commonwealth’s reimbursement to localities is to be made after full payment of the personal property tax on qualifying vehicles, less the amount of tax relief (Va. Code § 58.1- 3526.C). Therefore, if a locality does not continue to assess personal property tax on personal use cars, pickup or panel trucks, and motorcycles, the locality will not receive reimbursements from the Commonwealth.

Responsibility to Taxpayers - Preparation of Personal Property Tax Bills

Va. Code § 58.1-3912.E. requires treasurers to include information on the tax reduction for each qualifying vehicle on the personal property tax bill. This information must include:

1. a notation that the vehicle qualifies for tax relief under PPTR,
2. the vehicle registration number (VIN),
3. the amount of tangible personal property tax levied on the vehicle,
4. the amount of the car tax relief, and
5. the number of months for which the bill is being sent if the locality prorates personal property tax.

Example:

Total Tax Due	\$1,000.00
Car Tax Relief	<u>\$700.00</u>
Net Due	\$300.00

Note that all tax bills should include the phrase “Car Tax Relief” or “Tax Relief” to designate the portion of the total taxes due that is the Commonwealth’s share.

Localities that bill more than once a year can include the information above, and then break out the amount due for the period in question:

Amount Due on 6/5/01 (for 1/1/01 – 6/30/01) \$150.00
Amount Due on 12/5/01 (for 7/1/01 - 12/31/01) \$150.00

The bill should also show an indication of which vehicle(s) qualify for car tax refunds and their VIN numbers. Several localities use an asterisk (*) to indicate vehicles that qualify with a qualification statement at the bottom of the bill.

Treasurers also have a responsibility to include with each personal property tax bill a statement which explains how the tax relief was calculated, how the tax relief shall be calculated in future years, and the taxpayer’s liability for tangible personal property taxes on qualifying vehicles (Va. Code § 58.1-3912.F.)

Submitting Reimbursement Requests to the State Comptroller

Treasurers are required to make requests for reimbursement to the Commonwealth equal to the amount of tax relief given for qualifying vehicles, after a taxpayer has paid the full amount of personal property tax on qualifying vehicles. Va. Code § 58.1-3527 stipulates that the State Comptroller is responsible for prescribing the form of reimbursement request. These requests are to be a summary of the tax reductions appearing on the related tangible personal property tax bills and are required to be submitted to the Comptroller at the Department of Accounts (DOA).

Localities That Do Not Submit Reimbursement Requests to DOA

If the treasurer cannot provide the summary information, DOA provides funding to the locality in an amount based on an estimate of the total tax relief provided to the citizens of that locality. This estimate will be provided to DOA by DMV and based on information contained in DMV's records (Va. Code § 58.1-3526.C.).

Vehicles Valued at \$1,001 or More

For qualifying vehicles where tangible personal property taxes were due, reimbursement requests can be submitted to DOA as soon as the taxpayer has paid the net tax due (Va. Code § 58.1-3528.C). Localities that bill twice a year (such as 6/5 and 12/5) should report 50% of the tax reduction twice a year. If the taxpayer pays the entire bill by the first due date, the locality should request 100% of the reduction. The State Comptroller shall make reimbursements no later than two business days after the receipt of the request from the treasurer if the payment is requested on-line and the payment is through EDI.

Vehicles Reassessed After Tax Payment

Payment requests for additional taxes due as a result of assessment changes made by the locality on qualifying vehicles after payment of the original tax bill should be submitted to DOA after the additional taxes have been paid.

In general, the personal property tax must be paid in full before a treasurer can submit a request for reimbursement to DOA. There are exceptions in the following instances:

Vehicles Valued at \$1,000 or Less

- Payment requests for qualifying vehicles valued at \$1,000 or less can be submitted to DOA four weeks prior to the locality's bill due date in effect on January 1, 1998 (Va. Code § 58.1-3526.D.2). To do so, a locality must make four separate submissions with four separate payment due dates that are one week apart from each other. DOA will make reimbursements in four equal weekly payments (except in the case of vehicles that move into a prorating locality during the tax year, in which case the reimbursement can be requested 30 days after assessment and billing). Payments shall commence four weeks prior to the jurisdiction's due date as of January 1, 1998 for tangible personal property taxes. Localities that bill twice a year (such as 6/5 and 12/5) should make two separate requests, and request 50% of the applicable tax relief due four weeks prior to each bill due date.

The treasurer is required to send bills to taxpayers assessed with taxes and levies for that year setting forth the amounts due. The treasurer may elect not to send a bill amounting to twenty dollars or less as shown by an assessment book in such treasurer's office (Va. Code § 58.1-3912.A). The net amount due on the bill will be \$0.00, provided the locality has not imposed a tax increase above the rate in effect on July 1 or August 1, 1997, whichever is greater. The bill should show the assessed value, a net amount due of \$0.00, and that the tax relief provided is 100% of the tax rate in effect on July 1 or August 1, 1997, whichever is greater.

Example:

Assessed Value:	\$1000.00
Total Tax Due:	\$ 20.00
Car Tax Relief	<u>\$ 20.00</u>
Net Due:	\$ 00.00

Supplemental Billing

- Payment requests for qualifying vehicles valued at \$1,000 or less which move into a prorating locality after the beginning of the tax year can be submitted to DOA 30 days after assessment and billing (Va. Code § 58.1-3526 D.3).

Example:

The tax year in Locality A begins 1/1/01. The taxpayer moves into Locality A with a vehicle valued at \$1,000 on March 1, 2001. Locality A sends a bill to the taxpayer on March 15, showing no tax due. On April 15, the locality may submit a payment request to DOA.

- Qualifying vehicles purchased in a prorating locality during the tax year can be reported to DOA 30 days after assessment and billing (Va. Code § 58.1 3526.D.3).

Example:

The tax year in Locality A begins 1/1/01, and tax bills go out on May 5, 2001. The taxpayer purchases a vehicle valued at \$950 on July 1, 2001. Locality A sends a tax bill to the taxpayer on July 15, 2001 showing no tax due. On August 15, the locality may submit a reimbursement request to DOA.

Financial Hardship

In situations where payment arrangements have been made with the taxpayer due to financial hardship, the reimbursement request can be submitted to DOA when the taxpayer has paid at least 50% of the personal property tax liability on a qualifying vehicle, excluding penalties and interest (Va. Code § 58.1-3528.D).

Penalties and Interest

In 1999 and thereafter, Va. Code § 58.1-3531 prohibits a local government from assessing interest on the tax relief granted under PPTR. As a result, no interest may be imposed on any amount of the tax that will be paid to the locality by the Commonwealth in those cases where a taxpayer: (1) fails to file a required personal property tax return for a qualifying vehicle by its due date, or (2) fails to pay a personal property tax bill by its due date. The treasurer may, however, take into consideration the full amount of the personal property tax levied on a qualifying vehicle when assessing penalty for the failure to file a personal property tax return or for the failure to pay a personal property tax bill.

No portion of penalties and interest are to be included in the reimbursement requests to DOA.

Example:

Taxpayer A's tax assessment was \$100. The tax bill due date was 6/5/01. A penalty will be imposed because Taxpayer A missed the bill due date. Localities should continue to use current practices concerning penalty and interest, with the exception noted below:

- No interest can be applied to the amount subject to tax relief. In this example, interest may only be charged on the \$30.00 owed by the taxpayer.
- Penalty may be calculated based upon the entire amount of assessment. In this example, penalty may be charged on the full \$100.00 tax assessment.

Judgments For Delinquent Personal Property Taxes

Localities entering judgments against delinquent taxpayers for personal property taxes on qualifying vehicles, should only seek the taxpayer's share of the delinquent personal property tax plus applicable interest and penalties. Once the judgment is satisfied, the Treasurer would follow their normal process to request payment from the Department of Accounts for the Commonwealth's share.

Limitation of Payments to Treasurers

If the general revenue forecast provided by the Governor in December in any given year indicates that the appropriation of funds for PPTR would exceed 8½% of the amount of total general fund revenues, then the DMV Commissioner shall determine a reduced percentage of tax relief for each qualifying vehicle that will not exceed the 8½% limitation. The DMV Commissioner in turn will notify the treasurers if the percentage reimbursement of tax relief for a given year needs to be adjusted (Va. Code § 58.1-3536. B).

Treasurers would then use the reduced percentage as the amount of tax reduction to display on personal property tax bills for qualifying vehicles (Va. Code § 58.1-3536. D). If the percentage for the current tax year is reduced after the locality's tax bills for qualifying vehicles have been mailed, the locality may issue an additional assessment for the amount of the difference between the percentage reflected on the original tax bill and the reduced amount of the reduction. If the bills have not been mailed, the locality may adjust each tax bill to reflect the amount of the reduction (Va. Code § 58.1-3536. D).

DEPARTMENT OF ACCOUNTS

Overview

Va. Code § 58.1-3527 of the Personal Property Tax Relief Act stipulates that the State Comptroller shall prescribe the form of payment request for tax years 1999 and thereafter. DOA has developed two methods for payment, and both provide for the submission of summarized data:

On-line Payment Requests

The first method allows the locality to key the payment request directly on-line into the Commonwealth Accounting and Reporting System (CARS) and receive payment through electronic data interchange (EDI). This is the preferred method. By using this method, localities will receive payments within two business days.

The On-line System provides the locality the opportunity to key payment requests directly into CARS. Localities will be able to enter requests into the system on a daily basis. The system can be accessed any business day from 7:00 A.M. until 6:00 P.M., when it is closed to allow DOA to perform the nightly edits and processing. Therefore, all locality requests entered into the system on a particular day will be processed that night. CARS is available on most State holidays; however, if a locality makes a reimbursement request on a State holiday, the request will not be processed until the next business day.

Since payment requests are processed nightly, requests entered into the system on one day will not be available for further action in subsequent days. Accordingly, care must be taken to ensure that all requests are entered into the system correctly. Should adjustments to requests be necessary, they must be keyed prior to the daily cut-off on the same day that the original requests were keyed. Also, any requests that localities may have keyed into the system that are subsequently identified as not ready for processing must be deleted the same day they are entered; otherwise they will be processed.

Payment of requests handled through CARS will be sent to localities through EDI. Using this method will ensure the two-business day turnaround for processing locality payments.

Fax Requests

The second method allows the locality to fax the required information to DOA. The two-business day turnaround is *not* guaranteed when this method is used.

The fax method will require the same information as the on-line method. This information will be captured by the locality completing the *Request For Reimbursement Under PPTRA Using The Fax Method* (FORM D). This form will require the seven data fields to be completed, as well as a signature certifying the data. Once this form is completed, the locality should fax it to the Department of Accounts. DOA will enter the request into the PPTR system. The two-business day turnaround will not be guaranteed with this method.

Department of Accounts

Note: If a locality does not have access or does not wish to use the on-line system (CARS), and the locality does not have access to a FAX machine, the locality may send the completed *Request For Reimbursement Under PPTRA Using The Fax Method* (FORM D) via U.S. mail to the following address:

Department of Accounts
General Accounting Unit
PPTRA Transactions
P.O. Box 1971
Richmond, VA 23218-1971

Regardless of which method is chosen, the same information is required to process a payment request. All requests will be made in a summary fashion. DOA requires seven pieces of information to process a payment request: FIPS Number, FIPS suffix, Vendor ID, Vendor ID Suffix, Transaction Amount, Invoice Number and Due Date. See the *Personal Property Tax Relief Technical Reference Guide* for details about making on-line payment requests.

Contacts Information

To contact the Department of Accounts regarding your DOA reimbursement requests, contact:

Kim White
Phone: (804) 225-2376
e-mail: KIM.WHITE@DOA.VIRGINIA.GOV
Fax: (804) 225-4250

Randy McCabe
Phone: (804) 225-2244
e-mail: RANDY.MCCABE@DOA.VIRGINIA.GOV
Fax: (804) 225-4250

THE DEPARTMENT OF MOTOR VEHICLES

Overall Responsibilities

The Department of Motor Vehicles (DMV) is responsible for reconciling all localities to DOA reimbursement requests for tax year 1999 and beyond. DMV monitors all DOA reimbursement requests on a daily basis. In addition, all localities must submit detailed tax records to DMV to support their reimbursement requests made to DOA.

DMV is also responsible for receiving qualifying vehicle reports from leasing companies and forwarding this information to the appropriate localities on a monthly basis to assist them with determining which vehicles qualify for car tax relief. (See Appendix C of Technical Reference Guide for information on qualifying leased vehicles.)

The DMV Commissioner will notify the treasurers if, for budgetary reasons, the percentage reimbursement for a given year needs to be adjusted (Va. Code § 58.1-3536.B).

DMV shall require, as part of each application for initial and renewal vehicle registration for vehicles potentially eligible for PPTRA relief on and after January 1, 2003, a certification by the vehicle owner as to its use. Certification information collected by DMV shall be made available to commissioners and other local assessing officials for use in discharging their responsibilities for qualifying vehicles for relief under PPTRA.

Reporting Information To DMV

Va. Code § 58.1-3526.E requires treasurers to provide any additional information needed by DMV on qualifying vehicles for use in reconciling payments made by DOA. In fulfilling its obligation to reconcile locality reimbursement requests, DMV:

- Will require localities to submit net detail records within 60 days of the end of each calendar year to support the payment requests submitted to DOA. DMV will review the detail records to reconcile detail records and payment requests to DOA. If, for example, non-certified records and unresolved duplicates are found, DMV will notify the State Comptroller of any necessary payment adjustments.

Citizen Inquiries

Citizens with specific questions about tax relief on their tax bills should contact their local Treasurer, Director of Finance or Commissioner of the Revenue.

PPTR Inquiry Screens

Commissioners of the Revenue and Treasurers who currently have on-line access to DMV's vehicle records may inquire on reimbursement records maintained in DMV's PPTR automated files.

PPTR inquiry screens are accessible through DMV's Citizens Services System (CSS) external main menu. Inquiry selections provide access to batch header information, and taxpayer detail records. Inquiries can be made using taxpayer name, taxpayer social security number, VIN number, or jurisdiction name. The information displayed as a result of an inquiry includes the detailed information supplied by the Treasurer, as well as information DMV has recorded as the reimbursement was processed.

PPTR and DOA Detail Inquiry Screen

Localities with on-line access to DMV's vehicle records will also be able to access the PPTR DOA Detail Inquiry Screen. This screen will contain the details of all of the locality's requests for reimbursement from DOA.

Local officials who do not currently have on-line access to DMV's vehicle records but desire this capability should request an application package from DMV's Use Agreement Services at 1-804-497-7191. On-line access to any state agency records requires a use agreement, a telecommunications line and modem. The line and modem are available for a fee through the Department of Information Technology.

Contact Information

Diane Washington, PPTR Manager

Phone: (804) 367-0516

e-mail: DIANE.WASHINGTON@DMV.VIRGINIA.GOV

Fax: (804) 367-2621 or (804) 367-2622

Lilly Andrews, Submission and Error Reconciliation Supervisor

Phone: (804) 367-1865

e-mail: LILLY.ANDREWS@DMV.VIRGINIA.GOV

Fax: (804) 367-2621 or (804) 367-2622

THE DEPARTMENT OF TAXATION

Overall Responsibilities

By November 1 each year, TAX is responsible for estimating the amount to be paid by the Commonwealth under PPTR for the upcoming tax year and report this information to the Governor. TAX also estimates the amount to be paid by the Commonwealth in any tax year to an individual county, city, or town and reports the estimated amount to the State Comptroller as requested (Va. Code § 58.1-3529).

In addition, by November 1 of each year, TAX is required to provide a report to the Chairmen of the Senate Finance and House Appropriations committees on the actual and projected reimbursements under PPTR. The report must include an explanation of the methodology used to forecast PPTR reimbursements, the actual and estimated reimbursements by locality through the most recent fiscal year along with an explanation of the variance, and the estimated reimbursements by locality for the next two fiscal years.

AUDITOR OF PUBLIC ACCOUNTS

The Auditor of Public Accounts, as part of normal oversight responsibilities, shall incorporate a review process into its existing audit procedures for local governments to ensure that the Commonwealth and localities are in compliance with statutory requirements (Va. Code § 2.1-155).

DEFINITION OF TERMS

ASSESSED VALUE

An amount that localities currently use to determine each vehicle's personal property tax levy.

ASSESSMENT RATIO

A number expressed in percentage form, with a value of up to one hundred percent, that is multiplied by the value of a vehicle to compute an assessed value of that vehicle. (See in Va. Code § 58.1-3523 the definition of "effective tax rate".)

BATCH SUBMISSION

The method used by a locality to submit to DMV, in one bundle, information concerning all or a group of its qualifying vehicles and taxpayers.

COMMISSIONER OF THE REVENUE

The term "Commissioner of the Revenue" shall be interpreted to include city and county commissioners of the revenue. The term shall also include the director of finance and any other officer who is primarily responsible for assessing motor vehicles for the purpose of tangible personal property taxation (Va. Code § 58.1-3223).

CREDIT RECORD

This refers to a net detail record which represents a reimbursement from the locality to the Commonwealth for a prior year.

EFFECTIVE TAX RATE

The number derived by multiplying the nominal tax rate by the assessment ratio (Va. Code § 58.1-3523).

GARAGE JURISDICTION

The county, district, town or city in which a motor vehicle is normally garaged or parked, and to which the motor vehicle personal property tax is paid. Also referred to as "situs" (Va. Code § 58.1-3500 et seq.).

LEASED VEHICLE

A qualifying motor vehicle which is leased by a natural person, not a business; which is used for nonbusiness purposes; and which is leased under a contract requiring the lessee to pay the tangible personal property tax (Va. Code § 46.2-623).

LESSEE

Natural person who leases a vehicle for personal use under a contract requiring him/her to pay tangible personal property taxes on the vehicle.

LESSOR

The owner of a motor vehicle which is leased to a natural person for personal, not business, use (Va Code § 46.2-623).

NET DETAIL RECORDS

This refers to the data sent to DMV to support DOA reimbursement requests. The net detail records sent to DMV should reflect net activity to date. Payments by and/or refunds made to taxpayers after the taxpayer pays the initial bill should be reflected in the net detail records submitted to DMV. For instance, if a tax bill for \$100 was paid on June 5, and on June 6 the taxpayer was refunded \$10, the detail record submitted to DMV should reflect the net amount of \$90.

NOMINAL TAX RATE

The tax rate enacted by a local jurisdiction for purposes of levying a tax on tangible personal property pursuant to §58.1-3500 et. seq. For purposes of this Act, this rate shall be the rate in effect in the jurisdiction on July 1 or August 1, 1997, whichever is greater (Va Code § 58.1-3500 et seq.).

PERCENTAGE LEVEL

The percentage of tax relief to be provided for taxes assessed on qualifying vehicles up to \$20,000 in value in any given year (Va. Code § 58.1-3523 et seq.).

PERSONAL PROPERTY TAX LEVIED AMOUNT

Personal Property Tax Levied Amount is the Personal Property Tax Relief Act “reimbursable amount,” which is the value of a qualifying vehicle, up to the first \$20,000 of value, multiplied by the effective tax rate in effect in the locality on July 1 or August 1, 1997, whichever is greater. The Commonwealth cannot reimburse for tax increases imposed by a locality above the rates in effect on July 1 or August 1, 1997, whichever is greater.

QUALIFYING VEHICLE

Va. Code § 58.1-3523 states that a qualifying vehicle is “... any passenger car, motorcycle, and pickup or panel truck, as those terms are defined in § 46.2-100, that is determined by the Commissioner of the Revenue of the county or city in which the vehicle has situs as provided by § 58.1-3511 to be (i) privately owned or (ii) leased pursuant to a contract requiring the lessee to pay the tangible personal property tax on such vehicle.”

REIMBURSABLE AMOUNT

The value of the qualifying vehicle, up to the first \$20,000 of value, multiplied by the effective tax rate in effect in the locality on July 1 or August 1, 1997, whichever is greater. The amount of tangible personal property tax and the amount to be reimbursed may differ for any given vehicle, depending on the vehicle’s value. The reimbursable amount may be less than the tangible personal property tax, but can never exceed it (Va. Code § 58.1-3523).

REDUCTION AMOUNT

The tax relief appearing on each taxpayer’s personal property tax bill for their qualifying vehicle(s).

Generally, the reduction amount is computed by multiplying the reimbursable amount by the phase-in percentage levels for each tax year as provided in Va. Code § 58.1-3524. Taxpayers who own qualifying vehicles valued at \$1,000 or less receive a full reimbursement of their tangible personal property tax in the first year, and pay no personal property taxes on those vehicles in subsequent years based on the tax rate in effect in the locality on July 1 or August 1, 1997, whichever is greater. (Va. Code § 58.1-3524).

REIMBURSEMENT AMOUNT

The amount of money that is directly reimbursed to each taxpayer for their qualifying vehicle for taxes paid for tax year 1998. Generally, the reimbursement amount is computed by multiplying the reimbursable amount by 12.5% as provided in Va. Code § 58.1-3524 for tax year 1998. Taxpayers who own qualifying vehicles valued at \$1,000 or less receive a full reimbursement of their tangible personal property tax in the first year, and pay no personal property taxes on those vehicles in subsequent years based on the tax rate in effect in the locality on July 1 or August 1, 1997, whichever is greater. (Va. Code § 58.1-3524).

TANGIBLE PERSONAL PROPERTY TAX

For the purposes of these guidelines, it is the tax levied by localities on motor vehicles and other classes of vehicles as defined under Va. Code §58.1-3503. Localities compute this amount by multiplying the assessed value of the vehicle by the nominal tax rate (Va. Code § 58.1-3500 et seq.).

TAX PAID

The amount of personal property taxes a citizen must pay to a locality after the amount of tax relief provided by the PPTR has been deducted from the local assessment.

TAXPAYER

The registered owner of the vehicle is the taxpayer who will receive the tax relief.

TREASURER

The term “treasurer” shall be interpreted to include city, county and town treasurers. The term shall also include the director of finance and any other officer of any city, county or town if such officer performs any or all of the duties of the treasurer (Va. Code § 58.1-3523).

VEHICLE VALUE

Value is generally determined for qualifying vehicles using the provisions of Va. Code §58.1-3503. It is the amount for each qualifying vehicle determined by a Commissioner of the Revenue, using either:

(a) A recognized pricing guide - In using a recognized price guide, the COR must use either of the following two methods: i) Use the applicable adjustments in the price guide, or ii) Use the base value specified in the price guide which may be either average retail, wholesale or loan value; or

(b) A percentage or percentages of the vehicle’s original cost - If the model and year of the individual automobile are not listed in the recognized pricing guide, the taxpayer may present proof of the original cost to the COR. If this percentage or original costs does not accurately reflect fair

market value, or if the taxpayer does not supply proof of original cost, then the COR may select another method which establishes fair market value.

In computing the value that is used to determine the amount of tax relief, Commissioners of the Revenue are required to use their respective locality's method in effect as of July 1 or August 1, 1997, whichever yields the highest rate. While "vehicle value" and "assessed value" are not necessarily the same, they will be when the assessment ratio applicable in a locality is 100% (Va. Code § 58.1-3523).